



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

RESEARCH APPENDIX - **PLEASE DO NOT REMOVE FROM DRAFTING FILE**

Date Transfer Requested: 11/14/2008 (Per: MES)



Appendix A

 The 2007 drafting file for LRB-3938

has been transferred to the drafting file for

2009 LRB-0797

☛ This cover sheet, the final request sheet, and the final version of the 2007 draft were copied on yellow paper, and returned to the original 2005 drafting file.

☛ The attached 2007 draft was incorporated into the new 2009 draft listed above. For research purposes, this cover sheet and the complete drafting file were transferred, as a separate appendix, to the 2009 drafting file. If introduced this section will be scanned and added, as a separate appendix, to the electronic drafting file folder.

2007 DRAFTING REQUEST

Bill

Received: **01/17/2008**

Received By: **mshovers**

Wanted: **As time permits**

Identical to LRB:

For: **Jason Fields (608) 266-3756**

By/Representing: **Paula**

This file may be shown to any legislator: **NO**

Drafter: **mshovers**

May Contact:

Addl. Drafters:

Subject: **Local Gov't - 1st class cities**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Fields@legis.wisconsin.gov**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Changes to city of Milwaukee's public debt amortization fund practices

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?				_____			Local
/1	mshovers 02/13/2008	jdyer 02/14/2008	nnatzke 02/14/2008	_____	cduerst 02/14/2008		

FE Sent For:

<END>

2007 DRAFTING REQUEST

Bill

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/?	mshovers	1 2/14 jld	nwn 2/14	nwn 2/14			
/1 MES 2/13/08							

FE Sent For:

<END>

Shovers, Marc

From: Kreye, Joseph
Sent: Tuesday, January 15, 2008 3:58 PM
To: Shovers, Marc
Subject: FW: BILL REQUEST relating to the Public Debt Amortization Fund (PDAF)
Attachments: MKE Comptroller Bill.pdf

Mr. Shovers,

Should this go to you? The changes appear to be in ch. 67.

Joe

Joseph T. Kreye
Senior Legislative Attorney
Legislative Reference Bureau
(608) 266-2263

From: Urban, Pamela
Sent: Tuesday, January 15, 2008 3:49 PM
To: Kreye, Joseph
Cc: Fields, Jason; 'Jennifer Gonda (jgonda@milwaukee.gov)'
Subject: BILL REQUEST relating to the Public Debt Amortization Fund (PDAF)

Dear Joseph:

Rep. Fields was asked to introduce legislation relating to the Public Debt Amortization Fund (PDAF). The proposed changes would conform State Statutes with how the PDAF is currently utilized. For your reference, I attached the legislation request to this email. Rep. Fields would also like a fiscal note.

If you have any questions, please do not hesitate to ask.

Always,

Pamela

Pamela M. Urban

Office of State Representative Jason M. Fields
11th Assembly District
109 North State Capitol
P.O. Box 8952
(608) 266-3757
Toll-free: 1-888-534-0011
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Office of the Comptroller

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Special Deputy Comptroller

Craig D. Kammholz
Special Deputy Comptroller

March 12, 2007

Ms. Jennifer Gonda
Senior Legislative Fiscal Manager
Intergovernmental Relations Division
City Hall, Room 606
200 E Wells St
Milwaukee, WI 53202

Dear Ms. Gonda:

Enclosed is a Legislation Request relating to the Public Debt Amortization Fund (PDAF). The proposed changes would conform State Statutes with how the PDAF is currently utilized.

The PDAF was established by State Statutes in the early 1900's to assist the City in the management of its outstanding general obligation debt. The original intent was to accumulate funds, and when the PDAF became large enough, to payoff the City's debt. The PDAF is currently used as a tool to assist in the management of the tax levy for debt.

Proposed Change to 67.101(7): The section specifies the annual report on the PDAF is to be delivered on or about January 15th of each year. The information is contained within the Comprehensive Annual Financial Report (CAFR) of the City, which is not typically available until the middle of the year. We would like to change the date to September 30th in order to better match the availability of the CAFR.

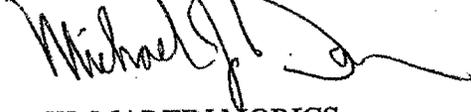
Proposed Change to 67.101(11)(a)1: The section specifically permits the PDAF to purchase City bonds. The context implies securities of the City, but we would like it clarified to be: "City bonds, notes, and other securities", which is similar to the wording in 67.101(11)(a)3.

Proposed Change to 67.101(13): The section permits the PDAF to "acquire for cancellation" debt of the City. During the budget process, it is desirable to target the acquisition and cancellation of debt in the related budget year (i.e. 2007 for the budget prepared in 2006). Due to the difficulty of acquiring publicly held debt, the City issues GO Notes, the purpose of which is to supplement the balance of the Debt Service Fund. The GO Notes are then acquired and cancelled by the PDAF. The increased balance of the Debt Service Fund can then be used to decrease the tax levy for debt. In lieu of the simultaneous acquisition and cancellation of new debt, we would like to be able to directly apply the PDAF to the pay debt service on outstanding debt. A suggested modification of the 2nd sentence in the section would be:

"The commission may at any time apply the fund to pay interest on and principal of, or to acquire for cancellation, general obligation bonds or notes of the city prior to their maturity dates except that:"

If you have any questions, please feel welcome to contact Mike Daun, Deputy Comptroller, at (414) 286-3321.

Very truly yours,

A handwritten signature in black ink, appearing to read "Michael G. J. ...", written over a horizontal line.

W. MARTIN MORICS
Comptroller

WMM:RSL

Cc: Grant Langley, Thomas Gartner
Wayne Whittow, Robert Osmanski

REF: PD-7271W.DOC

67.101(7) The secretary of the commission shall keep a record of all proceedings relating to the amortization fund, and an accurate account of transactions, investments, earnings and expenditures and shall make a report annually on or about ~~January 15~~ September 30 of each year to the common council, and shall permit examination of the accounts and records by any person.

67.101(11)(a) 1. City bonds, notes, and other securities.

67.101 (13) If the total of principal and accrued interest in the amortization fund is substantially equal to the outstanding general obligation bonds or notes of the city, the fund shall be applied to pay the interest on any outstanding general obligation bonds or notes of the city, and to meet the annual payments on the principal of the debt until maturity thereof. The commission may at any time apply the fund to pay interest on and principal of, or to acquire for cancellation general obligation bonds and/or notes of the city ~~prior to their maturity dates~~ except that:



State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-3938/7

MES:.....

JLD
hmr

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

gen

1 AN ACT ...; relating to: technical changes that affect the public debt amortization
2 fund of a 1st class city. ✓

(fund)
Analysis by the Legislative Reference Bureau,
1st & first

Under current law, a 1st class city (presently only Milwaukee) has a public debt amortization fund, which is a segregated fund that is used to help the city's management of its general obligation debt. The fund is governed by a commission. ✓

This bill makes a number of technical changes to the operation of the fund. Currently, the commission's secretary must make an annual report to the common council about the fund on or about January 15th. The bill changes the date to September 30. ✓ Also under current law, and subject to some exceptions, the commission may use the fund to acquire for cancellation general obligation bonds or notes of the city prior to the maturity of such debt. Under the bill, the commission may also use the fund to make interest and principal payments on such debt without regard to the maturity of the debt. ✓

For further information see the local fiscal estimate, which will be printed as an appendix to this bill. ✓

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

3 SECTION 1. 67.101^x (7) of the statutes is amended to read:

1 67.101 (7) The secretary of the commission shall keep a record of all
2 proceedings relating to the amortization fund, and an accurate account of
3 transactions, investments, earnings and expenditures and shall make a report
4 annually on or about ~~January 15~~ September 30[✓] of each year to the common council,
5 and shall permit examination of the accounts and records by any person.

6 **History:** 1925 c. 385 s. 7; 1933 c. 26; 1939 c. 378; 1945 c. 316; 1963 c. 422[✓]; 1965 c. 100; 1973 c. 111, 281; 1975 c. 304; 1977 c. 418; 1979 c. 90; 1991 a. 156; 1993 a. 184.

6 **SECTION 2.** 67.101 (11) (a) 1. of the statutes is amended to read:

7 67.101 (11) (a) 1. City bonds, notes, and other securities.

8 **History:** 1925 c. 385 s. 7; 1933 c. 26; 1939 c. 378; 1945 c. 316; 1963 c. 422[✓]; 1965 c. 100; 1973 c. 111, 281; 1975 c. 304; 1977 c. 418; 1979 c. 90; 1991 a. 156; 1993 a. 184.

8 **SECTION 3.** 67.101 (13) (intro.) of the statutes is amended to read:

9 67.101 (13) (intro.) If the total of principal and accrued interest in the
10 amortization fund is substantially equal to the outstanding general obligation bonds
11 or notes of the city, the fund shall be applied to pay the interest on any outstanding
12 general obligation bonds or notes of the city, and to meet the annual payments on the
13 principal of the debt until maturity thereof. The commission may at any time apply
14 the fund to pay interest on and principal of, or to acquire for cancellation,[✓] general
15 obligation bonds or notes prior to their maturity dates of the city[✓] except that:

16 **History:** 1925 c. 385 s. 7; 1933 c. 26; 1939 c. 378; 1945 c. 316; 1963 c. 422; 1965 c. 100; 1973 c. 111, 281; 1975 c. 304; 1977 c. 418; 1979 c. 90; 1991 a. 156; 1993 a. 184.

(END)



2007 BILL

1 AN ACT *to amend* 67.101 (7), 67.101 (11) (a) 1. and 67.101 (13) (intro.) of the
2 statutes; **relating to:** technical changes that affect the public debt
3 amortization fund of a 1st class city.

Analysis by the Legislative Reference Bureau

Under current law, a first class city (presently only Milwaukee) has a public debt amortization fund (fund), which is a segregated fund that is used to help the city's management of its general obligation debt. The fund is governed by a commission.

This bill makes a number of technical changes to the operation of the fund. Currently, the commission's secretary must make an annual report to the common council about the fund on or about January 15. The bill changes the date to September 30. Also under current law, and subject to some exceptions, the commission may use the fund to acquire for cancellation general obligation bonds or notes of the city prior to the maturity of such debt. Under the bill, the commission may also use the fund to make interest and principal payments on such debt without regard to the maturity of the debt.

For further information see the *local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

